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Chief, Economic Research Area, OER

23 July 1959

THRU : Chief, Planning and Review Staff, OER  
Chief, Industrial Division, OER

D/I Suggestion for OER Contribution to Annual Report to NSC

Responding to your memo of 22 July, we submit the following suggestions for inclusion in the OER contribution to the Annual Report to the NSC on the Status of the Foreign Intelligence Program:

a. Despite the improvement in analytical techniques and an intensified program of intelligence research on total Soviet military expenditures and the underlying size, composition and cost of Soviet military programs, serious gaps in our information continue to handicap this research, particularly with regard to the scope of activities covered by the explicit Soviet defense budget and the economic impact and magnitude of the Soviet missile program. The absence of sufficient data on over-all Soviet requirements for electronics equipment and other strategic equipment necessary for the Soviet guided missile and atomic energy programs and the production of military end items still represents a serious hindrance to our research effort. New sources of intelligence are beginning to yield very useful though fragmentary information in some of these fields. During the past year, the coordinated collection programs inaugurated in 1958 which emphasized close contact with both covert and overt collectors were expanded and are providing important intelligence on Soviet guided missile production and deployment activities.

b. We continued to supply the Department of the Air Force with production estimates of selected Sino-Soviet bloc industries in support of their targeting studies. Also, senior economic analysts participated in intelligence conferences in fields of Soviet and bloc aircraft, guided missiles, electronics, land armaments and shipbuilding.

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